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Letter dated 11 October 2006 from the Permanent Representative of the Islamic Republic of Iran to the United Nations addressed to the Secretary-General

Upon instructions from my Government, I have the honour to transmit herewith the response of the Islamic Republic of Iran of 22 August 2006 to the package which was presented to the Islamic Republic of Iran on 6 June 2006, contained in document S/2006/521 (see annex).

I should be grateful if you would have the present letter and its annex circulated as a document of the General Assembly, under agenda item 81, and of the Security Council.

(*Signed*) M. Javad **Zarif**

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Annex to the letter dated 11 October 2006 from the Permanent Representative of the Islamic Republic of Iran to the United Nations addressed to the Secretary-General

Response of the Islamic Republic of Iran to the package presented on 6 June 2006

Introduction:

The Islamic Republic of Iran has, from the outset, believed in resolution of disputes through constructive engagement and fair negotiations and has consistently insisted on respect for the rights of all parties and on prevalence of the law. The Islamic Republic of Iran considers, therefore, that recognition of rights entails their faithful realization, just as stipulation of responsibility entails commitment.

As such:

Membership in international organizations and conceding to their obligations appropriate rights and rewards to the member. To deny rights and privileges is to defy reasons for membership. No government can assume rights to herself while depriving others of the same. And no government can presume responsibilities for others while relieving herself from the same. The Islamic Republic of Iran is, thus, committed to all its responsibilities, embraces expansion of its relations with all peace loving states in the world, and rejects any aggression and threat that causes instability and war.

The Islamic Republic of Iran, in the same vain, is against production, stockpiling, development and proliferation of nuclear weapons, and considers that production of new generations of these weapons would particularly inhibit constructive efforts towards disarmament, and rejects production of any and all nuclear, biological and chemical weapons.

The Islamic Republic of Iran strongly believes that:

The massive sums spent from the wealth of nations on production, stockpiling, development and proliferation of these weapons would largely contribute to uprooting the causes of insecurity, instability and injustice, replacing them with peace and security, justice, peaceful coexistence and welfare, if applied to serving the people and spread of spirituality and morality, eradication of deprivations in education, health and welfare and development of peaceful science and technology.

The Government of the Islamic Republic of Iran presents its reply to the package offered on June 6,2006 by Mr. Javier Solana in Tehran following examination by expert groups, on the basis of the above stated precepts and in consideration of the initiative of Mr. Kofi Annan, the United Nations Secretary-General.

1. THE ENGAGEMENT APPROACH:

The Islamic Republic of Iran has declared repeatedly in the past that it sought fair negotiations for resolution of issues. When the package was delivered on June 6th, therefore, Iran adopted an engagement approach, welcomed abolition of threatening language and embarked upon serious consideration of the proposal, in the belief that the two sides can arrive at an agreement founded on international law. The Islamic Republic of Iran viewed consideration and negotiation on this proposal as a gateway for peaceful resolution of the nuclear issue along with other matters of mutual concern.

The expert committees commenced their work consequently in each area. Contacts and exchanges between Iran's chief negotiator on the nuclear dossier and his EU counterpart continued, at the same time, steadily giving way to a clear horizon. No precondition or ultimatum was raised by either side during this period.

Ironically, just as the exchanges and the expert review of the proposal were proceeding, the international community witnessed that certain governments, with no justification, prompted a negative campaign, declared a part of the package as prerequisite to any negotiation, and unilaterally broke the negotiations. Confrontational and threatening approach was hence resumed just as the region faced a crisis. With the adoption of the Security Council Resolution, the resolution of the issue through dialogue and understanding was confronted with a serious challenge.

This hasty and unwarranted action at the Security Council impaired the path of negotiation and understanding. As the result, good faith of Iran's interlocutors is in serious doubt. Many in Iran believe now that the package was aimed at stalemating diplomacy and instigating pressure in place of understanding, cooperation and improvement of relations that it claimed. The adverse implications of this major misstep are not easily rectifiable as confidence in the intentions of the other side is in serious jeopardy.

You are well aware that no legal, logical or even political justification exists for involvement and action by the Security Council on this issue. To interpret exercise of the "inalienable rights" of a state as threats against international peace and security is absurd by nature and outrageous as precedence. Particularly as the IAEA Director General Dr. El-Baradai has stated that Iran's nuclear program is no threat to international peace and security.

Action by the Security Council can shake and devastate the foundations and principles of the Non Proliferation Treaty and the Charter of the United Nations. If nonproliferation of nuclear weapons is a common and accepted objective of the international community, denial and restriction of explicit and undeniable rights of states would not only not serve that cause, but complicate the issue further in its stead. Defending the right to conduct research, develop and use the peaceful nuclear energy is not solely Iran's responsibility, but indeed the common responsibility for all parties to the NPT.

We reiterate and reemphasize that Iran's nuclear program has never diverted from its Peaceful course. The issue has, therefore, never been viewed as a matter of security in our perspective. Preoccupation over security in our region, on the other hand, is the common concern of all responsible states. Clear

signals and statements, however, indicating sincere intentions of the other sides for negotiation and understanding on these concerns are not yet evident.

To resolve the issue at hand in a sustainable manner, there would be no alternative except to recognize and remove the underlying roots and causes that have led the two sides to the current complicated position. When "right versus trust" forms the basic approach in considering the nuclear program of a State, and this serves as pretext for denial, discreteness in the program would naturally ensue; as the other side may never be willing to concede its confidence and trust. Conversely, a legal and fair approach, entailing unimpeded access to peaceful nuclear technology, would prompts transparency and full monitoring.

We have no interest in limiting or suspending inspections of our nuclear facilities and activities. We believe that you also had not, and have not any reason to deprive Iran of peaceful nuclear capabilities and to embark on hostile means. Everything hinges now on your interest, inclination and intention. A quarter of a century of denial and deprivation has lead Iran to pursue it nuclear program on the basis of independence and self-reliance. Years of hardship, tireless effort, and extensive expenses have now borne fruit as Iran has achieved indigenous capabilities in all areas of this industry.

Nuclear fuel is destined as a strategic commodity in the future of world energy. As major European countries continue production of this commodity through heavy investments and large subsidies, Iran too expects that its substantial investments will lead to production so that it would not have to depend on exclusive suppliers in the Self-reliance, however, does not exclude cooperation and partnership. Iran's nuclear program is entirely open to joint investment, operation, development and production. As the President has declared, the Islamic Republic of Iran is prepared to implement its nuclear program through consortium with other countries.

In view of our logical and firm approach for engagement aimed at resolving the nuclear and other issues of mutual interest on the basis of dialogue and international law, and to prove out good intention once again, we present our response despite the negative and destructive message that Security Council Resolution 1969 carried.

2. CONSIDERING THE FACT THAT:

2/1. The Islamic Republic of Iran has planned partial domestic production of its required nuclear fuel for the approved program to supply and produce 20,000 Mega Watts of nuclear power during the next twenty years. Repeated breaches and noncompliance by European countries and the United States of their undertakings under the NPT as well as their contractual obligations in cooperation and transfer of technology, before and after the revolution, their imposed sanctions, their failures to supply, and lack of international guarantees in uninterrupted provision of fuel has left no option except to move to produce part of the required fuel domestically.

2/2. The Islamic Republic of Iran has, relying on its rights stipulated under Article 4 of the NPT made substantial progress in nuclear technology. This includes facilities for production of yellow cake, UCF production at industrial level, Uranium enrichment facilities for partial supply of nuclear power plants, required fuel, heavy water production complex, heavy water research reactor development, and

production design of a 360 MW light water reactor by local experts and in line with international regulations. The Islamic Republic of Iran is, today, considered as a member of the nuclear fuel producing countries and this is an undeniable fact.

2/3. The Islamic Republic of Iran has, from the outset, stressed the need for observing the balance between its rights and its responsibilities under the NPT. Development of its peaceful nuclear program is based on its specific and undeniable rights under the NPT. It can not accept deprivation from its legal rights in development and use of peaceful nuclear energy including the fuel cycle, and continuing research and development of enrichment process as underscored in the NPT and the IAEA safeguards.

2/4. The Islamic Republic of Iran has, from the outset, been committed to its obligations under the NPT in development of its nuclear program and all its actions and activities have, to date, been conducted with necessary and sufficient transparency in accordance with NPT obligations and under IAEA monitoring.

2/5. The Islamic Republic of Iran believes that the June 6, 2006 proposal has elements which may be useful for a constructive approach. Most important among them:

First-Renewed emphasis on Iran's inalienable rights to develop its nuclear program for peaceful purposes without discrimination in accordance with the NPT;

Second- Readiness for negotiations as a new beginning to reach a "comprehensive agreement" with Iran.

3. ON THIS BASIS THE ISLAMIC REPUBLIC OF IRAN, FOLLOWING EXPERT REVIEWS, DECLARES THAT:

3/1. Considers the proposal of 6 June 2006 as containing useful foundations and capacities for comprehensive and long-term cooperation between the two sides. The Islamic Republic of Iran has, however, questions and ambiguities regarding guarantees of its rights. Through constructive negotiations, the grounds for overall agreement should be prepared.

3/2. Is prepared for removing concerns of the two sides through negotiations and receiving clarifications on the nature, extent, approach, level, duration and depth of issues in the offer such as real and practical cooperation in development of Iran's peaceful nuclear program including light and heavy water reactors, and exercise of Iran's right to achieve nuclear energy inclusive of the fuel cycle and continuation of research and development in uranium enrichment.

3/3. Is ready for "long term cooperation" in security, economic and political and energy areas in order to achieve "sustainable security in the region" and "long term energy security".

3/4. As always, considers that the resolution of all issues may be possible through negotiation and engagement.

4. IN THE VIEW OF THE ISLAMIC REPUBLIC OF IRAN, THE UNDERLYING IDEA AND PRINCIPLE IN THE OFFERED PACKAGE, A "RENEWED PROCESS OF NEGOTIATIONS TO ACHIEVE COMPREHENSIVE RESULTS AND AGREEMENTS" AS SUBSTITUTE TO ALL OTHER MEANS TO RESOLVE THE NUCLEAR ISSUE, CONTAINS THE FOLLOWING:

- To help peaceful and rapid resolution of the nuclear dispute in the framework of the IAEA and NPT provisions through extension of understanding, bridging the positions, and settling the differences between different sides.

- To establish necessary tenets and foundations for confidence building and mutual cooperation in the nuclear field.

- To improve and expand relations and mutual cooperation between Iran and other parties in all areas on the basis of mutual respect and trust.

- To promote peace and security in the region and scientific, technological and economic progress in Iran.

The Islamic Republic of Iran accepts the core idea of the proposal. As it has always stated, arriving at an understanding in a process of comprehensive negotiation, to resolve the differences and to form the grounds and the basis of expansion of comprehensive and reciprocal relations and cooperation as the only way to approach these issues. We welcome this approach.

At the same time, certain points need to be expressed and stressed:

4/1. The negotiation process, as the means to reach an agreement and settle the issue, should be instituted on an initial basis of confidence. This implies that, in areas of significance, a level of assurance, including particularly in the effectiveness of negotiations, possibility of arriving at an effective outcome within a specific and reasonable time, maintaining stability during the process and avoiding disruptive and destructive action from within and without, and prevalence of a fair, balanced, reasonable and non-coercive environment should be established prior to the negotiations.

This requires discussion and understanding. The Proposal is devoid of due attention to this necessity.

4/2. Clear evidence and experience gives reason to Iran to remain seriously skeptical towards sincerity of at least some members of the 5+1 in their declared intention to establish comprehensive relations and cooperative exchanges. Iran believes, therefore, that these governments should come forward with assurances, commitments and indications that demonstrate revision in past behavior and absence of intentions to contain Iran or seek a pretext for hostile actions in advance of the negotiations.

In the view of the Islamic Republic of Iran, recent move by the 5+1 to re-open the door to the Security Council and impose a Resolution against Iran, is in clear breach of the proclaimed good faith of this group in pursuing the course of negotiation and understanding to resolve the nuclear issue. This would

impede seriously the successful outcome of the negotiation process, unless all its implications are removed and nullified through a clear procedure.

4/3. In the view of the Islamic Republic of Iran, the negotiations will be constructive if:

- It is founded on appropriate rules and tenets;
- It is based on a clear platform acceptable to the international community;
- The NPT and the IAEA safeguards would form the essential basis of applicable law;
- That ending denial and deprivations against transparency and monitoring would form the basis;
- Would proceed on an appropriate format;
- It allows balanced and reasonable presentations and consideration of concerns of all sides and offers the potential for each side to achieve their interest and security proportionately;
- It would have an appropriate composition with participation of those with real interests;
- The interlocutors who would guarantee the commitments resulting from the negotiations be identified;
- It prescribes whether the final outcome would be taken individually or jointly and severally by the parties.

In addition, extent and limitations on the authority of each negotiator should be defined and declared formally, as the significance and depth of the issue at hand calls for. It must become clear that the negotiators are entrusted with sufficient authority for bargaining and give and take on sensitive and disputed issues. This implies that the negotiators should be authorized to negotiate and decide on all issues at least on an *ad-referendum* basis.

Beyond all this, the proposal lacks any reference to irreversible and irrevocable guarantees which should be attached to the undertakings. Such guarantees are particularly essential on access to advanced nuclear technology and equipment, erection and commissioning of nuclear power reactors, nuclear fuel supply, and transfer of know-how and technology. For Iran, it should become clear that the undertakings of our counterparts would become permanent, with no right or possibility to their termination or limitation, in the context of export controls, NSG, domestic laws and regulations, and the procedures of the IAEA and the United Nations.

As the package has not dealt with these essentials, the Islamic Republic of Iran has prepared its own specific suggestions ready for negotiation and agreement.

The package also lacks appropriate consideration of "negotiation itself", which is central to the proposal. Ambiguities in this regard are abundant.

The Islamic Republic of Iran is prepared, as a first step, to fully cooperate in agreeing on the scope and elements of the negotiations. We suggest that our first goal should be agreement on terms of reference, a set of guidelines or a joint statement which would serve to give clear direction to the negotiations. This would underscore the firm and common will of all parties for a just and treaty-based settlement of the nuclear issue through well-defined negotiations.

5. THE PACKAGE HAS CONSIDERED TWO MAIN PROCESSES TO RESOLVE THE NUCLEAR ISSUE:

FIRST: The process of Iran's interaction and collaboration with the IAEA;

SECOND: The process of negotiations between Iran and its counterparts.

The proposal is ambiguous on the purpose and procedures of the negotiations and the expectations driven from it. It also lacks clarity on the relationship and link between the two processes.

In the view of the Islamic Republic of Iran, the two processes are logically intertwined while each has its own individual merit. The negotiations should normally serve to support and facilitate the process of Iran's interaction with the IAEA, which is the main avenue to resolve the issue.

The core and principle issue in the package is Iran's nuclear activities and the way to resolve deference in this respect. Yet the proposal is regrettably quite ambivalent on this central point and does not specify how and in which manner this can be dealt with. It is of course clear that the issue would primarily be within the realm of the IAEA responsibilities and the Agency is the focal point. But other issues remain which are outside this realm and should be the attempted focus of the negotiations.

Based on elements in the package, the nuclear issue is three pronged:

First: Rights and responsibilities of the parties toward each other and the actions they should undertake in accordance with the NPT and the IAEA;

Second: Transparency, normalization and conclusion of the issue at the Agency;

Third: Confidence building by both sides in all areas including security issues.

The Islamic Republic of Iran:

First: Accepts to deal with the above issues as core issues, along with others;

Second: Agrees that the above three issues are inter-linked and for an integrated whole;

Third: Stresses that the issues are reciprocal and mutual and each side should endeavor through common efforts to move the process forward, bearing in mind that maintaining a balance in actions and expectations of each side is essential;

Fourth: Reiterates that resolution of the issues and agreements would be possible if and when all sides limit their expectations and actions to the framework of internationally accepted norms, in particular the NPT. Any expectation and action beyond the above framework would solely be considered through persuasion, understanding and on a voluntary basis.

6. ON THE FIRST AXIS

Iran's firm position is that the process of negotiations and the process of Iran's interaction with the Agency should be based on the three fundamental principles emanating from the NPT by all parties:

First: The Islamic Republic of Iran has the right to pursue its intended peaceful nuclear Program, including all its activities on the fuel cycle with peaceful purposes, within the framework of NPT and under Agency safeguards.

Second: The Islamic Republic of Iran, as an NPT party and an IAEA member, is obligated to comply with all its commitments under its bilateral agreement with the Agency and to prepare conducive conditions for the IAEA to perform its responsibilities *vis-à-vis* Iran's activities.

Third: As an IAEA member, Iran has the right to receive active support in areas of science, technology, investment and trade from developed countries in the nuclear field, in accordance with the NPT provisions and its regulations. Conversely, all interlocutors with capabilities in nuclear technology are obligated to remove all impediments in peaceful nuclear cooperation with Iran in implementation of their commitments.

The Islamic Republic of Iran is prepared to negotiate on all aspects of the above three principles and has specific relevant suggestions for incorporation in the agenda.

The proposed package contains deficiencies and ambiguities in consideration of these principles. Specifically, where Iran's right to peaceful nuclear program and activity and access to nuclear technology is recognized, it is mute on its scope and exercise.

Since the enrichment and nuclear fuel cycle for peaceful use is one issue under consideration, the producers of the proposed package should clarify whether they recognize the NPT as the basis for determining the scope of this right. And whether, in their view, fuel cycle activities and in particular enrichment for peaceful use is within that scope or not.

The other point in mind is the exercise of these rights and implementation of nuclear program based on the rights stipulated in the NPT. The proposed package is vague on whether recognition of Iran's right is theoretical or empirical.

Furthermore, the proposed package is vague on nuclear cooperation, transfer of nuclear technology, construction of nuclear power plants in Iran and guaranteed supply of required fuel. References are also made, in this respect, which imply the intention to restrict nuclear cooperation to specific areas, and this adds to the ambiguity.

In Iran's view, the issue of mutual cooperation in nuclear areas bears significance and can form an effective part of negotiations. These collaborations are particularly important in paving the grounds for mutual confidence. Regrettably, Iran's past experience with some members of 5+1 is not positive. Creating confidence on the firmness, effectiveness and unlimited extent of these collaborations within the scope of the NPT and peaceful activities, demands more detailed negotiations and agreements.

In this framework, the Islamic Republic of Iran also insists that the other parties' commitment to the NPT be considered as one of the basic principles for the negotiations. It is self-evident that any decision to be party to an international treaty is based on presumption that the other parties abide by its rules. Moreover, all members have equal rights and responsibilities—according to the IAEA rules— towards the other members' abidance. That is also logical that one member can only expect abidance from others, commensurate to his own.

7) The proposers of the package have considered some commitments and measures to be undertaken by both sides before the start of negotiations, "to create the right conditions for the negotiations". Although some of these considerations can be taken as the general rules for the negotiation process, however they are inadequate and indistinct, and need to be completed and clarified by some additional considerations, and we will deal with them in following sections.

The remaining issue is **suspension of Iran's dossier in the Security Council during the negotiation period by the other party, and suspension of enrichment activities by Iran through negotiations.** The Islamic Republic of Iran essentially agrees with consideration of some principles and conditions for further assurances of productive negotiations and considers that as a correct step. At the meantime, the following points have to be emphasized:

7/1. If negotiation is to be considered as a way for mutual understanding and concord, then it is intrinsically in contradiction with tabling the issue at the Security Council. Therefore, cessation of the Security Council involvement and any other gesture that is inconsistent with the principle of "resolution through negotiation" is self-evident.

7/2. The other party not only violated this principle by engaging the Security Council and passing a resolution, but impaired the basis for the negotiating process. In fact, the veracity of those who proposed the package, in their intention and action became questionable, unless they propose a certain method to nullify its effect.

7/3. The Islamic Republic of Iran can not accept equating the 5+1 with the Security Council as openly stated through the package. The proper way would be that the UN Security Council, through the due course, takes the Iran's nuclear dossier off its agenda, and resolves that the legal IAEA ways and means, supported by a fair form of negotiation process, is the logical approach to the issue.

7/4. The Islamic Republic of Iran fundamentally rejects the use of the Security Council resolution as a pressure tool to push forward the 5+1 proposal, and considers this practice as distortion and negation of the initial intent, and would not concede to it. Any progress in this course, would only be possible by separation of these two issues, namely disengagement of any negotiations from unjustified resolution of the Security Council.

7/5. It is not clear for the Islamic Republic of Iran that how the suspension of Iran's nuclear activities would help "to create the right conditions for negotiations". But it is clear that the other party's insistence on this issue, reminding some parties' inclination towards Iran's weakening and constraint - specially bearing in mind the records of past negotiations with some and past hostilities of some others - would be disturbing for "the right conditions for negotiations".

Moreover, for further assurance, it is possible that the IAEA's inspections and verification reports, during the negotiation period, can be scheduled in a new format and framework that all parties are able to have a clear prospect for the future progresses. Besides, limitation of the negotiation period, can minimize any likelihood of specific technical developments. In any case, notwithstanding that setting unilateral preconditions for a process that is presumed to proceed through mutual understanding and consent does not sound to be logical; however the Islamic Republic of Iran does not intend to reject the whole issue unilaterally, and is ready to provide an opportunity for both sides to share their viewpoints on this issue and try to convince each other and reach a mutual understanding.

7/6. To avoid any suspicion on he Islamic Republic of Iran's intention or accusation of deliberate idling, etc, the Islamic Republic of Iran declares its specific time-frame for this issue of "creating the right conditions for negotiations" as follows:

1. The Islamic Republic of Iran accepts that "taking bilateral voluntary steps" that show the goodwill on both sides can help create the right atmosphere and course for the negotiation to make it more effective.

2. In this framework, the Islamic Republic of Iran is ready to discuss this issue in the course of negotiations to comprehend each others reasons and justifications.

3. This step will be conditional on simultaneous steps by other party to show that it does not intend to deprive or limit the Islamic Republic of Iran. These steps specifically include the following:

- Termination of Iran's dossier in the Security Council and returning it to the IAEA
- Normalization of Iran's nuclear case at the IAEA
- The other party commits itself not to pursue the limitation of Iran's peaceful activities as the result of the negotiations, but to aim for achieving the mutually agreed methods to provide more assurances on the peaceful nature and non-diversion of these activities.

- All members of the 5+1 accept as a show of goodwill to abandon all restrictions that they practice beyond the legal international norms in different areas.

8) Regarding the second theme, **the issue of "transparency"**, the Islamic Republic of Iran believes that the negotiation process and the process of interactions between Iran and the IAEA can be based upon acceptance of these principles by all concerned parties:

a) The negotiating parties are entitled to be informed of non-diversion in Iran's peaceful nuclear activities within the NPT and IAEA statute framework as much as possible with a certain timetable.

b) The study and assessment of this issue is to be undertaken by the IAEA in the framework of NPT rules and regulations. The IAEA's approach regarding this issue must be based on technical and in line and legal standards (according to the IAEA statute) with the spirit of cooperation and mutual respect, free from any prolonging of the process, and away from any political inclination or influence, and based on the principle of innocence.

c) The Islamic Republic of Iran would facilitate the necessary working conditions for the IAEA's inspections for clarification of the ambiguities, would provide the utmost cooperation for expedition of its work, and if deemed necessary, would consider voluntary steps towards implementation of the Additional Protocol, given the provision of the legal conditions. Points mentioned in the proposed package, regarding the full cooperation of Iran with the IAEA is related to this theme.

The Islamic Republic of Iran is ready to negotiate on these issues in the framework of the aforementioned principles, and actively participate towards mutual understanding and concord.

The Islamic Republic of Iran underlines that the cooperation with the IAEA, requires drawing up a comprehensive and logical framework for the whole work and related procedures, which is agreed upon by Iran and the IAEA. This framework should comprise certain significant aspects, including:

- To be bounded in the framework of technical and legal standards and not to be influenced by political motives and pressures, and not by problematic inclination and intelligent demands of the parties outside the IAEA.

- Setting the assessment criteria for the IAEA in a normal and non-discriminatory manner, based on the principle of innocence. In other words, inability to find any affirmative indications after due course of ordinary technical and legal examinations, is to be considered nonexistence of undeclared nuclear activities or materials.

- Setting the reasonable conditions and timetable for conclusion of the work and normalization of Iran's nuclear dossier in the IAEA, and mutual commitment of both sides for fulfillment of the set conditions and schedules.

- Suspension of discussion on Iran's nuclear case in the IAEA board of governors until the presentations of the Director General's final report, according to the declared time-table.

The Islamic Republic of Iran will be ready to implement, voluntarily, the Additional Protocol, with provision of legal conditions, if the above mentioned requirements are met, Iran's nuclear case is only pursued in the IAEA, and any intervention of the Security Council or other entities are ceased.

The negotiation process can be helpful towards achievement of the aforementioned framework, and more importantly securing the mutual confidence of both sides (Iran and IAEA) tend to resolve the issues and remove the ambiguities, and not to complicate the situation.

9) Regarding the third theme, the issue of "mutual confidence building", the Islamic Republic of Iran believes that:

9/1. At present time, the majority of the world community, from the security point of view, have confidence in the Islamic Republic of Iran's nuclear plans and intentions, or at least have no particular security worries about them.

9/2. It is necessary to have a clear definition for the term "international confidence in the exclusively peaceful nature of Iran's civil nuclear program", since this is a very general and vague term. It should be clarified that what the international confidence building standards are. And who are those who do the assessment? What are the criteria and legal basis for the establishment of the international confidence on the exclusively peaceful nature of Iran's civil nuclear program? Are there any criteria beyond the current international rules and treaties in mind? In any case, the Islamic Republic of Iran, sincerely welcomes "to develop relations and cooperation based on mutual respect and the establishment of international confidence in the exclusively peaceful nature of Iran's civil nuclear program". However, it is necessary for reassurance, that these two principles be underlined, and the inclusion of other issues as limiting conditions to be avoided.

9/3. Apart from the above-mentioned point, confidence building in the exclusively peaceful nature of Iran's civil nuclear program, meaning acceptable assurance of non-diversion of those activities towards military purposes and use, comprise of two aspects of present and future. That is, the assurance that at the present time, that there are no undeclared nuclear activities and materials, and all declared nuclear activities and materials have a peaceful nature, and are under IAEA supervisions and control. Additionally in the foreseeable future, this situation will continue. The legal supervision of the Agency in its examination of different aspects in Iran's nuclear activities, and its continued regular examinations, are sufficient for the present aspect of confidence building. In the Islamic Republic of Iran's view, what was mentioned in part 8 regarding transparency these, suffices for this purpose. That is, so long as the Agency is active in examining Iran's nuclear activities, and the Islamic Republic of Iran is cooperating with it, and there has been no indication for existence of any undeclared nuclear activities or materials, there should be no reason for distrust.

Regarding the assurances for the future, that the Islamic Republic of Iran would not use its nuclear capability for other than peaceful applications, it is an issue which may apply to many other cases and to many other countries. This has not been addressed in international treaties and legal rules, and naturally should not be a source of concern. In addition, possession of nuclear weapons are not considered as part of Iran' national security doctrine. Notwithstanding, **the Islamic Republic of Iran**

is ready to illustrate its goodwill if it receives responsible and logical behavior from the other party, **to guarantee in an appropriate manner, that it would not abandon its membership in IAEA and NPT**, and through this way, commits itself even to the future aspect of confidence building.

9/4. However, all the afore-mentioned points in 9/3 is conditional to the fact that simultaneous mutual confidence-building (for Iran) is being done on security matters. In the Islamic Republic of Iran's view, this comprises of three important matters, as follows:

- A) The other party's commitment to seriously follow up the fulfillment of "the nuclear free zone in the Middle East", particularly the commitment to disarm the Zionist regime from weapons of mass destruction (WMD) and in particular nuclear arms.

- B) The other party's commitment to convince the countries of the region (Middle East) who are not yet signatories to NPT, or are not yet implementing the Additional protocol, to accept NPT membership, and to implement the Additional Protocol.

- C) The commitment and guarantee of the negotiating partners to prevent and protest all hostile and restrictive acts against the Islamic Republic of Iran including any scientific, technical, political, economic and commercial embargo and any kind of military aggression or threat.

The negotiation process, can help to reach a mutual understanding on ways of balancing those two aspects (9/3 and 9/4), and action plans to be designed and implemented.

10) Part of the proposed package is related to the areas of political and economic cooperation, which is one of the vague and ambiguous aspects of this package. The main idea is not clear here. The Islamic Republic of Iran believes that the approach in this section is in contradiction with what is expressed at the outset of the package as "the goal". If the goal is "to develop relations and cooperation .. .based on mutual respect" and mutual confidence, then that requires change in policies. To say that some applied restrictions on Iran are to be removed, implies to implicit concepts: One is that there has been a policy of using scientific, technological, commercial, and other restrictions to put pressure and embargo on Iran, and the other is that in the best scenario yet, this policy is to be continued in other areas. This is in clear contradiction with the central concept of this proposal, proposing a "fresh start" for "a comprehensive" and "long term agreement with Iran."

If we want to give the negotiations a chance for success, the primary principle is that all parties set their actions and expectations according to the ordinary international rules and arrangements.

The question is what are the international rules and orders for these restrictions and embargoes? What is the purpose in their continuation? And why there should be additional demands for their removal? Therefore, as mentioned before, it is necessary to see a change in policies, changing the policy of intimidation, pressure, embargo and restriction against Iran.

Fortunately, Iran has active and extensive relations with China and Russia. There are also trade and diplomatic relations with major European countries which has experienced some restrictions in some

cases. The available data indicates that the majority of the 5+1 do not have inclinations for political use of trade and economic means, and in their general policies, there is no priority set for deprivation or restriction policies against Iran. Although some states, not only unacceptably exploit restrictive policies against Iran, but also abuse their technical and trade leverages to force other governments and third country companies to participate in these anti-trade practices despite their own national policies. Therefore, at least the main part of the proposed issues in this section is not essentially a case between Iran and the other party, but it is a case for the other party to settle among themselves.

The Islamic Republic of Iran suggests that the western parties who want to participate in the negotiation team, announce on behalf of their own and other European countries, to set aside the policy of intimidation, pressure and sanctions against Iran, and to pursue normalization and active relations and cooperation in all fields and to provide necessary guarantees for this Purpose. In that case, some of more important issues, securing long-term interests of both sides on economic and political cooperation, can be added to this section's list.

11) **The Islamic Republic of Iran is ready for a comprehensive and long-term cooperation agreement to achieve "sustainable development and security in the region"**, based on fair terms and conditions, attending to the rights of all countries, and would contribute to the highest extent possible to participate in effective security arrangements in an all-inclusive model, with all its potential as a responsible state, an active member of the international community, having an effective regional role.

On this basis, the Islamic Republic of Iran is ready to have an active role in a cooperation arrangement for **"sustainable energy security"** to have extensive cooperation and partnership with the European countries and other countries of the region.

It should be mentioned that there are other ambiguities and questions in the proposed package of June 6,2006 that can be clarified in the due course of negotiations.

In conclusion, it needs to be emphasized that despite the contradictory behavior of some countries in proposing the package, and pursuing the unjustifiable act of passing the recent Security Council resolution, the Islamic Republic of Iran, responding to the proposed package, with its goodwill and intention to provide a reasonable breakthrough, has tried to lay the groundwork for resolving Iran's nuclear case through a constructive path for negotiations.

However, if some if the parties with adventurous inclinations, react to Iran's goodwill with the Security Council instrument, in that case, the positions expressed in this response would be void and the Islamic Republic would choose a different course of action.